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DIVISION OF OIL, GAS AND MINING

Mike Bergfeld Recreation Forester Ashley National Forest Vernal Ranger District 355 North Vernal Avenue Vernal, UT 84078

To: Mike Bergfeld

Recreation Forester Vernal Ranger District

From: Jerry Hascall

Operations Superintendent DG&T Bonanza Power Plant

Subject: Quarterly Report on DG&T Limestone Mine

Date: 1/5/00

Cc: S. Gordon, R. Smith, and file

Dear Mike Bergfeld,

This report is for the third quarter of 1999.

The report will discuss the amount of limestone products removed form our limestone mine on Diamond Mountain in the Vernal Ranger District and operational status of the mine.

With regard to the operational status of the mine, we opened the pit at co-ordinate A-2 with that being the lowest elevation. That is also where the pit daylights to the west. Section A-2 was cut into the slope uphill to a height of about 30 feet. Section A-3 has been cut to a depth of 17 feet and Section A-4 has had the topsoil removed to a depth of about 4 to 6 feet. Please remember that each section is a 200 by 200-foot area.

The contractor has completed all road construction on FR-048 and roughed in the Intersection at SR-191 and FR-048. Next spring the intersection will be completed. We have seeded all the area from the pit to SR-191 intersection with the specified seed. I still need you to send me Don Marchant's comments on the intersection that we talked about in November of 1999.

The contractor moved his crusher equipment on to the site around the end of October 1999. We have completed the reclamation of the bulk sample pit at Section H-3. We will finish the remaining 100 feet of the east fence in the spring to complete the 40-acre fence.

We delivered to the power plant 6,589.8 tons of limestone to be used in the desulfurization process, which is exempt and not a saleable material.

We removed 12,965.4 tons of railroad ballast to be used at our mine and for our railroad. You will need to bill us for the royalty fee. It is 40 cents per ton as per our sale agreement. We will also need a new sale agreement for the future as the present one, I believe, expires in 1999.

If you would like any changes to this report format for the future please let me know, I would be glad to make the requested changes.

Sincerely,

Jerry Hascall
Operations Superintendent
Deserte Generation & Transmission